Secrets. II-37—100,000—21-5-48.

E & P. H. (1948) Department.

Ms SERIES.

G.O. No. 760 P. H

6

Dated 11.3.48

[Despatch Abstract.]

Rural Water Supply - Constitution of - a fund of one crore rupees - papers recorded.

EDUCATION AND PUBLIC HEALTH DEPARTMENT.

NOTE FOR THE COUNCIL OF MINISTERS.

SUB: Rural Water Supply - constitution of a fund for speeding up works - contribution of Rs. one crore from current revenues during 1947-8.

A scheme of protected water supply for house-hold purposes in rural areas and a detailed prgramme for the execution of the scheme within a period of ten years were drawn up in 1937-38.Much progress was not made. A five year post-war plan commencing from 1947-8 was drawn up. Under this plan, that part of the first half of the scheme which remains unexecuted will be taken up and the balance will be executed under a further prggramme during the second quin-quennium postwar. A fund was also in existence for the purpose of rural water supply till the end of 1946-7, and it was wound up from 1-4-47, as it was observed that the transactions of the fund involved unnecessary additional accounting work, and also complicated the Government accounts, without in any way helping to provide additional funds for the purpose.

The Hon'ble Prime Minister has now ordered that a 'one crore' fund should immediately be constituted and ear-marked for rural water supply works. He minuted as follows:--

"At the informal meeting of Hon'ble the Ministers on 31-5-47,it was decided that a one crore fund should be constituted and ear-marked for rural water supply and that an annual allotment of not less than 15 lakhs should be made. The allotment should be made on a district-war basis. I should like this to be pushed through without further delay. If necessary it may be put before the Standing Finance Committee or the Cabinet and orders obtained at a very early date."

O.P.Ramaswamy Reddiar. 7/7.

The Finance Secretary has noted on the proposal as shown below:-

"I venture to submit that it is not desirable to constitute a Fund of this kind in the course of the current year, especially as already a large deficit is expected on Revenue Account. As Rs.23.96 lakhs are already provided in this year's budget for rural water supply schemes, there is no urgent need for constituting a Fund, and if the matter is to be pursued, I submit that it may be left for consideration in connection with the budget proposals for 1948-9.

I venture to submit, however, also that the constitution of separate Funds for particular objects is in general undesirable. It causes additional accounting work and complication in the Government accounts without any offsetting advantage as a rule. It is desirable that the Government should retain their full freedom of action as regards the distribution of expenditure over the various desirable objects at the time of fixing the budget for each year and should not attempt to tie their own hands in advance and create prior charges on the amount available for development by creating separate funds, to be used for particular objects. Our financial prospect at present is one of considerable revenue deficits each year to be covered by transfers from the Revenue Reserve Fund. If a special fund is set up, it will increase the revenue deficit in the year of establishing the Fund, and therefore to the same extent the transfer from the Revenue Reserve Fund. Thus, it would only amount, in effect, to earmarking a part of the Revenue Reserve Fund for a particular object. I submit that there seems to be no advantage in doing this. So long as the Revenue Reserve Fund is not exhausted (which is not likely to happen at any rate in less than two or three years),

.t.p.

there will be no difficulty in providing at least Rs.15 lakhs in the budget of each year for expenditure on rural water supply schemes. I submit that it is not desirable for the Government to earmark funds now for expanditure on rural water supply schemes at any particular rate per year in the future, even if and when the Revenue Reserve Fund has been exhausted and there are annual uncovered revenue deficits. For these reasons the Finance Department ventures to urge that the proposal to constitute a separate fund for this purpose be not pursued."

D.W.Dodwell. 15/7/47.

With reference to the notes above, the connected file was circulated for orders on the following points:-

1. Whether a fund should be constituted at all;

2. if a fund is to be constituted, whether it should be constituted in the current year or from 1948-49 in view of the provision already made in the current year's budget, viz. Rs.23.96 lakhs;

3. whether the Board of Revenue should be consulted in the matter; and

4. whether the matter be placed before the Standing Finance Committee and Cabinet.

The Joint Secretary, Educational and Public Health Department noted as follows:-

"I am in entire agreement with the note of the Finance Department and of the Finance Secretary in particular. There has been no difficulty felt in obtaining funds for Rural Water Supply. The difficulty is in spending it. Special Funds are, from the budget point of view, very undesirable things, to be constituted only under exceptional circumstnces. I do not feel that there will be any special advantage in such a fund being constituted, apart from the magic sound of the word 'one crore' and its sentimental associations. Actually the Post-War plan contemplates expenditure of the order of 2-56 crores in the first five years, and a possible 3.70 crores for the next five years.

It is desirable to consult the Board of Revenue in any case, if it is decided to constitute a fund."

P.S.V. 18/7/47.

In circulation, the following minutes were recorded by the Hon'ble Ministers.

"A note on this subject may be circulated to the Ministers and the matter may be considered at a meeting of the Ministers."

A.B.Shetty. 18-7-47.

"Too many funds need not be created. It is against principles of budget making. Rs.15 lakhs seem to be reasonable. Nothing more need be done for the year. Board need not be consulted."

B.Gopala Reddy. 24-7-47.

"A fund of 1 crore must be set apart in addition to the budget allotment already made. In addition, every year 15 lakhs should be set apart from the revenues for the same purpose. If in any year the schemes to be put through require more than 15 lakhs, the extra will come out of the 1 crore fund. Amounts remaining unspent out of the 15 lakhs should be added on to the fund. Board need not be consulted. Collectors may be asked to send schemes. Details about work done from 1937-38 to 1945-46 may be given district-war, like number of wells, places and amount spent."

O.P.Ramaswamy Reddiar, 26-7-47.

On recirculation, the following minutes were recorded:--

"In view of Hon'ble the Prime Minister's minute, no note is necessary."

A.B.Shetty. 1-8-47.

"Whatever money for the purpose is required in the current year may be drawn from the general revenues. We can create this crore fund in the budget from 1948-49. Funds should not be created in the middle of the year. In effect, there is no difference between what Hon'ble the Prime Minister and I say; only method differs."

B.Gopala Reddy. 3-8-47.

"Finance may take necessary action for constituting the Fund as desired by Hon'ble the Prime Minister."

A.B.Shetty. 5-8-47.

"Do this without delay."

O.P.Ramaswamy Reddiar. 6-8-47.

The Finance Department have subsequently noted that, so far as the current year is concerned, the contribution of Rs.1 crore to the fund has to be made by a debit to the head "39.P.H.- Transfer to the fund for the development of Rural Water Supply and any expenditure on rural water supply in excess of Rs.15 lakhs has to be withdrawn from the fund and taken in abatement of the gross expenditure on rural water supply booked under the head "39-PH-g.Works -B.Post War reconstruction - Rural Water Supply - I.Estimates of the Board of Revenue- Expenditure on the development of rural water supply." They have also suggested that as the proposal involves an immediate expenditure of 1 crore for a purpose not contemplated in the current year budget, the subject should be placed before the Standing Finance Committee and the Cabinet. On further circulation the Hon'ble the Minister (Finance) and the Hon'ble the Prime Minister recorded the following minutes.

"Whatever money is needed in the current year in exceds of the budgetary provision can be met from general revenues.

So the only question that remains is whether a fund should be created in the middle of the year. It is contrary to the principles of budget-making. We can certainly incorporate it in our next budget."

"Since Hon'ble the Minister (Public Health) and Hon'ble the Price Minister are keen on the fund, I may suggest prior legislative approval may be obtained for creating this fund. Perhaps in September/October session, we may get the necessary sanction."

B.Gopala Reddy.15-8-47.

"Place before the Standing Finance Committee."

O.P.Ramaswamy Reddiar.
23-8-47.

The matter was placed before the Standing Finance Committee for its views on the points.

(1) whether a one crore fund should be constituted at all, and
(2) if a fund is to be constituted, whether it should be constituted in the current year itself.

The Standing Finance Committee decided that a fund of Rs.1.00 crore should be constituted and a token demand should be moved during the current session.

The matter is placed before the Council of Ministers for orders.

C.O.Coorey,
Joint Secretary to Government.

p.t.o.

Meeting of the Council of Ministers held at Fort St. George on Monday, the 27th October 1947.

The Hon'ble the Prime Minister presided.

PRESENT:

The Hon'ble Dr. P. Subbarayan.
The Hon'ble Dr. T.S.S. Rajan.
The Hon'ble Sri M. Bhaktavathsalam.
The Hon'ble Sri B. Gopala Reddi.
The Hon'ble Sri H. Sitarama Reddi.
The Hon'ble Sri M. Chandramouli.
The Hon'ble Sri T.S.Avanashilingam.
The Hon'ble Sri K. Madhava Menon.
The Hon'ble Sri Kala Venkata Rao.
The Hon'ble Sri A.B. Shetty.
The Hon'ble Sri V. Kurmayya.

AGENDA:

CASES OF RATIFICATION OF DECISIONS OF THE STANDING FINANCE COMMITTEE BY THE CABINET: (The dates within brackets after the items indicate the dates on which the schemes were approved by the Standing Finance Committee).

ORDER:

(b) Rural Water Supply - Constitution of a fund for speeding up work - Contribution of rupees One Crore from current revenues during 1947-48 (7-10-1947). — Sanctioned.

Sd. O.P.Ramaswami Reddiar.
29-10.

E.& P.H.

/True copy/

Superintendent,
Madras Record Office.

PSR. 13-6-53.

GOVERNMENT OF MADRAS.

EDUCATION AND PUBLIC HEALTH DEPARTMENT.

Memorandum.No. 64470/47-9.H.1(P.H.), dated 17-1-1948.

Sub: Rural Water Supply - Constitution of a fund for speeding up works -

The Government consider that protected water supply schemes in rural areas have not received adequate attention and they have decided that, in future, Rural Water Supply schemes should be considered more liberally than at present. They have also decided that Rural Water Supply schemes should be prepared for all areas, arranged in the order of priority, put into execution and completed within five years. To this end the Government have decided to constitute a special Fund of Rs.one crore. In addition, an amount of Rs, 15 lakhs will be set apart every year from the current revenues for the same purpose. If in any year, the schemes to be put through require more than 15 lakhs, the extra amount will be drawn from the one crore fund. If on the other hand, any sum out of the 15 lakhs allotted in a year remains unspent, the sum will be added to the fund.

Orders regarding the constitution of the Fund and the procedure for the accounting of the transactions relating to the Fund will be issued separately from the Finance Department.

2. The Board of Revenue is requested to take immediate steps to draw up comprehensive proposals for the purpose on the lines indicated above and submit them to Government at an early date.

Sd. x x x x x

To the Board of Revenue.
"Finance Department.
" Accountant General thro' Finance.
Copy to All Collectors.

/True copy/

Superintendent,
Madras Record Office.

PSR. 13-6-53.

Orders constituting the 'One crore' fund and the procedure for the accounting of the transactions relating to the fund have since been issued by the Finance Department. A copy of the order has also been sent to Board of Revenue.

No further action is necessary in this file.

The papers may now be 'recorded' as suggested by Finance ~~on page 19~~ ante. An entry will be noted in the call book say, against 1-5-48 and action will be taken when the Board's report to the memorandum ~~on pages 19-20~~ ~~is~~ received.

Order No. 760 P.H dated 11.3.48
Recorded.

Sub: Rural Water Supply-S-
Sonstitution of a fund
of Rs.1 crore - papers
recorded.

/True copy/

Superintendent,
Madras Record Office.

PSR. 13-6-53.